

## FIXED-ASSET WAIVER CHECKLIST

Task	Credit Union Prepared for NCUA	Examiner Reviewed CU's Work
1. Develop a written narrative that outlines the credit union's purpose for purchasing the fixed assets. Include information as to how the fixed-asset investment will enhance the credit union's overall operations.	_____	_____
2. Calculate the percent increase to total current fixed assets that the fixed-asset investment will represent.	_____	_____
3. Calculate the credit union's ratio of fixed assets to total shares and retained earnings without the proposed fixed-asset investment and with the proposed fixed-asset investment.	_____	_____
4. Analyze the credit union's reserve structure. Determine the adequacy of the credit union's reserves in relation to the needs of the credit union and to its peers.	_____	_____
5. For the prior two 5300 periods, calculate the percent increase in total reserves to total assets and the percent increase in total shares. Determine if reserve growth has kept pace with share growth. Also determine the impact the fixed-asset investment will have on the credit union's reserve growth.	_____	_____
6. Determine the impact the fixed-asset investment will have on profitability. At a minimum, incorporate the additional annual costs associated with the investment into the prior full calendar year's statement of income and expenses. Also provide an itemized listing of estimated additional monthly operating costs and estimated loss of monthly income that will result from investing in a non earning asset. Note: If the credit union has declining profitability trends, this analysis should be done for the last two full calendar year quarters.	_____	_____

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7. a. Determine if the fixed-asset investment will have an adverse impact on the credit union's liquidity needs necessary to meet share withdrawals and loan demand over the life of the fixed-asset investment.		
b. Review FPR and current balance sheet to determine if any negative balance sheet trends are developing or increasing (long-term assets, real estate loans, non earning assets, share certificates, etc.) and provide comments.		
c. Determine if the credit union has an adequate Asset/Liability Management Policy and Program in effect.		
8. State whether or not any local economic factors could favorably or adversely impact the credit union's operating performance over the period of the fixed-asset investment.		
9. When a building is to be purchased or leased, provide at least the following:		
a. The increased space to be realized.		
b. The credit union's plan for utilizing the additional spaces.		
c. Information on the new location in relation to the credit union's prior location and the accessibility of the new location to the field of membership.		
d. A market evaluation of the land and building when such a purchase is proposed.		
e. Cost estimates of improvements necessary to place the land, building, or leased space into operation.		

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f. The credit union's plan to place any excess land in use within three years of purchase.	<hr/>	<hr/>
g. A conceptual drawing of the building the credit union plans to construct.	<hr/>	<hr/>
h. The credit union's construction site plan.	<hr/>	<hr/>
10. Provide projected year-end balance sheets and statements of income for the next five consecutive calendar years. Projections should be based on anticipated growth and reflect the impact of the fixed-asset investment. State the assumptions used to develop the projections.	<hr/>	<hr/>
11. If excess space is to be leased, document local vacancy rates and lease rates.	<hr/>	<hr/>

In most cases, a credit union should consider and document the above areas when requesting a fixed-asset waiver. The items above are not necessarily all inclusive or always needed to support a fixed-asset investment. In any event, the reasons for not reviewing an area should be commented on. This checklist may be used by credit union officials to assist them in applying for a fixed-asset waiver.